

**PART I – THE SCHEDULE**

**SECTION B**

**SUPPLIES OR SERVICES AND PRICES/COSTS**

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## PART I – THE SCHEDULE

### SECTION B

#### SUPPLIES OR SERVICES AND PRICES/COSTS

##### B.1 TYPE OF CONTRACT - ITEMS BEING ACQUIRED

This is a Cost-Plus-Incentive-Fee (CPIF) contract that includes cost and schedule performance incentives. The contractor shall be responsible for planning, managing, integrating, and executing the work as described in Section C, Statement of Work (SOW). The contractor shall furnish all personnel, facilities, equipment, supplies, and services (except as furnished by DOE) and otherwise do all the things necessary for performing in a safe, efficient, and effective manner.

##### B.2 CONTRACT FUNDING PROFILE

Subject to the availability of funds, the contract will be funded in accordance with the schedule provided below. Such funds shall provide for all allowable and allocable costs incurred and fee for the indicated fiscal year. Funds obligated to the contract are available until expended (i.e., uncosted funds carry forward to subsequent years). It is anticipated that annual contract funding will be provided quarterly for an annual total in the amounts stated below. Total first quarter funding will be available by December 31, each fiscal year. The funding profile is based on a contract takeover of May 1, 2005, and contract completion at September 30, 2012.

**Cleanup Funding** – As identified in the table below, Cleanup Funding represents funding available for all allowable and allocable costs and fee each fiscal year. These costs do not include the cost of the ICP contract share of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees sponsored by the INL contractor. (See explanation and cost sharing provisions in H.21(b) clause entitled Pay and Benefits)

**Defined Benefit Pension Plan Funding** – As identified in the table below, Defined Benefit Pension Plan Funding represents estimated funding the contractor shall use to reimburse the INL contractor for the ICP share of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees. Actual costs for the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees shall be on a cost-reimbursement basis outside of the Target Cost and Target Fee of the contract. All other pension and welfare benefits costs pertaining to incumbent (grandfathered) employees, non-incumbent employees (new hires after contract takeover) and retirees, including costs of the defined contribution (investment) plan, post retirement medical benefits, and other pensions and benefits costs (including contractor administrative costs) shall be within the Cleanup Funding and within Target Cost and Target Fee.

(\$M)	FY 2005 (5 mos.)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
<b>Cleanup Funding*</b>	\$227	\$427	\$414	\$321	\$307	\$285	\$287	\$285	\$2,553
<b>Defined Benefit Pension Plan Funding</b>	\$10	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$360
<b>Total Contract Funding</b>	\$237	\$477	\$464	\$371	\$357	\$335	\$337	\$335	\$2,913

\* In light of the legal uncertainty, all work under paragraph C.2.4.3 and the stabilization and disposal of residual solids and the in-place closure of the tank farm per Section C.2.8.1 shall require specific authorization by DOE.

**Variances in Defined Benefit Pension Plan Funding Balances** - To the extent that actual costs for the incumbent (grandfathered) employees and retirees of the current BBWI Defined Benefit Pension Plan exceed the funding earmarked above, for a given year, the contractor may pursue a Request for Equitable Adjustment. Similarly, to the extent that such costs are less than the funding earmarked above, for a given year, DOE and the contractor will enter into good faith negotiations to accelerate the scope of work or add additional work as per B.4(d) with any available funding. To facilitate analysis and development of options, the contractor shall provide timely forecasts of current and future years' Defined Benefit Pension Plan cost estimates.

**Pre-Contract Accrued Employee Leave – Funding in the amount of \$13,079,610.57 is provided as out of target funding for previous M&O employee earned but unpaid vacation balances prior to the contract start date. The contractor is authorized to invoice the DOE only when the employee accrued vacation balance in the accounting records is below the original stated value of \$13,079,610.57, less any invoiced amounts. The contractor shall submit a separate invoice for payment of this vacation balance usage and follow the same submittal schedule (and terms) as identified in G.5.**

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### B.3 TOTAL CONTRACT TARGET COST, FEE, AND COMPLETION DATE

(a) The target cost of this contract is comprised of the following two (2) items:

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- 1) SBW project at \$316,000,000, and
- 2) Balance of the Idaho Clean-up Project (ICP) work, at \$2,248,570,171.

The target fee for this contract is \$188,683,387 (7.36% of target cost).

The total contract target cost and target fee are based on the contract completion date of September 30, 2012. (The total proposed contract Target Cost and Target

Fee shall not exceed the funding limits specified in Section B.2 – Cleanup Funding, on either an annual or total basis.)

- (b) The costs for transition activities, as defined in Section F.4, are \$4,512,546. There will be no fee for the transition period. Transition costs are excluded from the total contract target cost and are excluded from the funding profile in Section B.2. (The costs for transition activities shall not exceed the contractor's proposed cost or \$8 Million, whichever is less.)
- (c) The costs of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees are \$360,000,000.00. These costs, as identified in Section B.2, are excluded from the total contract target cost and target fee. There will be no fee paid on these costs.

#### **B.4 INCENTIVE FEE**

- (a) Cost Incentive

The following cost incentive structure is established in association with a completion date of September 30, 2012:

Target Fee: \$188,683,387~~\$175,000,000~~ (7.36% of target cost) 165

Maximum Fee: \$310,000,000 (Maximum Fee must not exceed 15% of target cost)

Minimum Fee: \$0.00

Fee Calculation: The fee payable under this contract shall be the target fee increased by **thirty (30)** cents for every dollar that the total allowable cost is less than the target cost or decreased by **thirty (30)** cents for every dollar that the total allowable cost exceeds the target cost as specified in FAR 52.216-10 and subject to the maximum fee limitation above.

A significant segment of the SBW work involves completing construction of the Integrated Waste Treatment Unit (IWTU) and submitting the request to begin operations, hereinafter referred to as CD-4, as defined by the ICP Sodium-Bearing Waste Project Execution Plan PLN-1963, Revision 8, dated August 17, 2010. In order to incentivize the Contractor to complete construction of the IWTU and CD-4, the following change to the fee structure is implemented: 167

- 1) Incentive Fee decreases related to completion of the IWTU facility will be limited to \$38,000,000 if the Contractor completes construction at or below \$533,393,000, and CD-4 is completed by November 30, 2011.

2) If CD-4 is not completed by November 30, 2011, the fee decrease as related to 1) above will be adjusted by a maximum of \$12,000,000 up to a total of \$50,000,000 as follows:

- a) An additional \$250,000 per week through December 31, 2011, for a total of \$1,000,000, and
- b) In addition to (a) above, if CD-4 is not completed by December 31, 2011, the contractor's fee will be reduced by a rate of \$425,000 per week for each week subsequent to December 31, 2011, through June 30, 2012, for a total of \$11,000,000.

3) If CD-4 is completed by October 31, 2011, or earlier, the fee decrease as related to 1) above will be adjusted by a maximum of \$5,000,000 down to a total of \$33,000,000 as follows:

- a) An initial \$3,000,000 for completion by October 31, 2011, and
- b) In addition to (a) above, for each week CD-4 is completed in advance of October 31, 2011 contractor's fee will be increased by a rate of \$300,000 per week for each week in advance of October 31, 2011, through September 15, 2011, for a total of \$2,000,000.

The contractor agrees to complete CD-4 by November 30, 2011 at a total project cost to the Government not to exceed \$533,393,000. If a major equipment failure and/or a major design change event occurs that prevents initiation or execution of the Corporate or Federal Operational Readiness Review (ORR), the \$533,393,000 may be adjusted accordingly. Should this adjustment be necessary, any allowable costs that are incurred over the \$533,393,000 will be included in the cost incentive calculation at the end of the contract, i.e. incentive fee will be reduced by \$0.30 for every dollar that costs on this project exceed \$533,393,000.

(b) Fee Limitation

There will be a single fee pool under this contract. The total fee, allowable to the prime contractor and all of its members in a joint venture or limited liability company and/or subcontractors proposed and considered a part of this contract selection, shall not exceed the maximum fee specified in B.4(a).

- (c) **Schedule Incentive**  
The target cost to complete the scope of work included in Section C by September 30, 2012, will equal the Budgeted Cost of Work Scheduled (BCWS) in the Idaho Cleanup Project (ICP) baseline per Section H.1 for the contract period. Any fee earned pursuant to the cost incentive structure set forth in B.4(a) above, shall be reduced by \$5.0 Million for every 1.0% negative schedule variance realized against the target cost (total BCWS through September 2012), down to zero dollars. For variances less than a full percentage point, the amount of fee lost will be determined using straight-line interpolation.
- (d) The Government reserves the right to require the contractor to perform additional work scope defined in Section C.8. If the cleanup scope of work defined in Sections C.1 through C.7 is accomplished earlier than September 30, 2012, and additional funding is available (either the target cost has not been reached or new funds are made available), DOE will add work scope to be completed by September 30, 2012. The additional work to be performed, the estimated costs, and the associated fee will be negotiated and the contract will be modified prior to the contractor commencing any such work. Funding must be available to cover the costs and negotiated fee for any additional work scope. Fee earned as a result of completion of additional work scope will not be subject to the Maximum Fee limit stipulated in B.4(a) above.
- (e) The Government reserves the right to have any of the work contemplated by Section C, Statement of Work, of this contract performed by another contractor or to have the work performed by Government employees. If the Contracting Officer withdraws the work, the contractor agrees to fully cooperate with the new performing entity and to provide transition support as required. Notwithstanding the clause entitled "Obligation of Funds" in Section B.9, the Contracting Officer may unilaterally deobligate funding associated with any such withdrawal of work. Target Cost and Target Fee reductions will be negotiated at the time the work is withdrawn consistent with ICP baseline costs and target fee percentages, and the contract modified accordingly.

## **B.5 ITEMS NOT INCLUDED IN TARGET COST**

The following items are not included in the Target Cost of this contract. These activities are not included in the EM Funding Profile in Section B.2 (as listed in Section C.11). Separate funding will be provided if DOE authorizes such activities.

*Please contact your contracting staff for the most current B.5 activities.*

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## **B.6 FEE PAYMENT SCHEDULE AND ADJUSTMENTS**

- (a) Scheduled Provisional Fee Payments will be made quarterly and will be calculated as follows:

$$\text{Provisional Fee Payment} = \frac{\text{Target Fee} \times 0.75}{29.67}$$

The first two provisional fee payments, covering the period May 1, 2005 through September 30, 2005, will not be adjusted. Subsequent quarterly fee payments may be adjusted based on the evaluation criteria identified below.

(b) Provisional Quarterly Fee Payment Adjustments and Reductions

The Contracting Officer (CO) may adjust the provisional quarterly fee payment based on the validated cost and schedule variance and the status of the major milestones described in Section H.1(b)(4), and information contained in the Semi-Annual Critical Analysis described in Section H.1(c)(2). In determining the appropriate adjustments to the provisional fee payment, the CO will use the following earned value definitions:

- (1) Cost Variance (%) is equal to the [(Budgeted Cost of Work Performed minus the Actual Cost of Work Performed) divided by Budgeted Cost of Work Performed] times 100.
- (2) Schedule Variance (%) is equal to the [(Budgeted Cost of Work Performed minus the Budgeted Cost of Work Scheduled) divided by Budgeted Cost of Work Scheduled] times 100.

Based on the evaluation factors above, if it is determined the contractor will earn less than Target Fee, the CO may adjust the provisional quarterly fee payment downward proportionally, to a minimum of zero. If it is determined the contractor will earn above Target Fee, the CO may adjust the provisional quarterly fee payment upward proportionally, to the (Maximum Fee x 0.75)/29.67.

(c) Earned Fee

Earned Fee is a conversion from Provisional Fee to Earned Fee and will be included in the final fee determination. Earned Fee will be recognized for physical completion of the Statement of Work (SOW) elements identified in the table below, less any adjustments stemming from Conditional Payment of Fee B.6(d). The total of all Earned Fee payments will not exceed 35% of the total Target Fee established at the time of contract award.

Activity	% Target Fee
Completion of TAN scope (C.4)	2.5
Completion of TRA scope (C.5)	2.0
Completion of PBF scope (C.6)	1.5
Completion of stored RH-TRU scope (C.3.5.1)	2.0
Completion of nuclear materials scope (C.2.6, C.5.4)	1.5
Completion of EM owned SNF transfers (C.2.7.1, C.5.6)	1.5
<del>Completion of construction of SBW treatment facility (C.2.4.3)</del>	<del>2.0</del>
<del>Hot startup of SBW treatment facility (C.2.4.3)</del>	<del>1.5</del>
Completion of SBW Scope (C.2.4.3)	1.0
Completion of WAG 7 Retrieval Area #1 (C.3.4)	2. <del>9330</del>
Completion of WAG 7 Retrieval Area #2 (C.3.4)	2. <del>9330</del>
Completion of WAG 7 Retrieval Area #3 (C.3.4)	2. <del>9330</del>
Completion of WAG 7 Retrieval Area #4 (C.3.4)	2. <del>9330</del>
Completion of WAG 7 Retrieval Area #5 (C.3.4)	2. <del>9330</del>
Completion of WAG 7 Retrieval Area #6 (C.3.4)	2. <del>9350</del>
<del>Completion of WAG 7 Retrieval Area #7 (C.3.4)</del>	<del>2.0</del>
Closure of seven (300,000 gal capacity) HLW tanks and vaults (C.2.8.1)	3.0
Completion of contract end states for CPP-601, CPP-640, CPP-603 (basins), and CPP-648 (sludge tanks and control house) (C.2.1.2)	2.5
<b>Potential Earned Fee Total (Percentage of Target Fee)</b>	<b>35.0 <del>1.5</del>.50</b>

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## (d) Conditional Payment of Fee

Based on the importance DOE places on the contractor's or contractor employees' compliance with the terms and conditions of this contract relating to environment, safety and health (ES&H) (which includes worker safety and health and performance under an approved Integrated Safety Management System (ISMS)) and the safeguarding of restricted data and other classified information, fee determinations are subject to unilateral reductions. See DEAR 952.223-76 *Conditional Payment of Fee or Profit – Safeguarding Restricted Data and Other Classified Information and Protection of Worker Safety and Health* included as Section I.141.

~~If a TRU waste shipment is not made in accordance with the agreed-upon schedule with the DOE Carlsbad Field Office per Section H.4, because of action or inaction on the part of the contractor, fee determinations are subject to a unilateral reduction of up to \$12,500 for each missed shipment.~~

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## (e) Termination

If this contract is terminated in its entirety, fee shall be payable to the contractor consistent with the FAR clauses 52.249-6 "Termination-Cost Reimbursement" and 52.216-10 "Incentive Fee" incorporated in Section I of this contract.



Nothing in this paragraph shall limit or restrict the application of the clause entitled "Termination-Cost Reimbursement."

## **B.7 FINAL FEE DETERMINATION**

- (a) The final fee determination will be calculated by the CO. The final fee determination will be based on the total actual cost and the schedule variance described in B.4(c) on the completion date of September 30, 2012, excluding any additional work scope added to the contract per Section C.8. The final fee payment will be the difference between the final fee determination amount minus the provisional and earned fee payments made during the contract period as adjusted by conditional payment of fee provisions per Section B.6(d) of the contract.
- (b) When calculating the total actual cost for the final fee determination, the total allowable costs will exclude the actual costs of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees and the costs for transition activities.
- (c) If the sum of quarterly provisional fee payments and earned fee payments made during the period of the contract is greater than the overall fee that is calculated by the CO in his/her final fee determination, the contractor shall reimburse the amount of fee already paid that is greater than that earned and shall pay interest to DOE in accordance with the prevailing Treasury rate(s) in effect at the time the payments were made.

## **B.8 STATEMENT OF COMMITMENT**

The DOE and the contractor recognize the accelerated cleanup is a cooperative undertaking that requires both parties to seek innovative approaches to achieve the end objective. Streamlining processes and eliminating non-value-added requirements are critical to accomplishing accelerated cleanup. Both parties agree through the term of this contract to use their best efforts and to cooperate in seeking the reduction of non-value-added requirements and processes that impede progress.

## **B.9 OBLIGATION OF FUNDS**

Total funds in the amount of \$([see current Detailed Funding Profile](#)) are obligated herewith and made available for payment of allowable costs and fee earned from the effective date of this contract through contract completion pursuant to the FAR Clause 52.232-22, entitled "Limitation of Funds."

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**B.10 SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK  
(CHANGES TO TARGET COST AND TARGET FEE)**

Changes that may affect the Target Cost will be as follows:

- (a) **Changes Beyond Contractor Control:** When work under this contract is changed that is not directly attributable to contractor actions or inactions, equitable adjustments to Section B, Target Cost, and corresponding Target and Maximum Fees, may be made, in accordance with the changes clause. Examples of these actions/events are provided in Table B.1. These examples are not meant to be a complete listing of all possible events, but represent major types of events in each category.

The contractor shall have a one-time opportunity to identify any material differences in the actual status of completed work compared to the projected status established in the RFP, and notify the Contracting Officer of such differences within 30 days after contract takeover. The DOE will independently evaluate this status. The contractor/DOE evaluations may result in changes to the Statement of Work (increases or decreases) and a Request for Equitable Adjustment that would adjust Target Cost and Target and Maximum Fees commensurately for status of completed work.

- (b) **Changes for which the Contractor is Accountable:** When work under this contract is changed as a direct result of contractor actions or inactions, or as a result of the contractor's failure to adequately manage project or technical risks, the Government will not negotiate changes, and the contractor agrees that these changes shall not constitute a change to the Section B Target Cost and corresponding Target and Maximum Fees. Such changes will be maintained as a variance to the ICP Project Baseline, as defined in Section H.1 (the costs may be allowable, but the Target Cost and corresponding Target and Maximum Fees will not change). Examples of these actions/events are provided in Table B.2. These examples are not meant to be a complete listing of all possible events or all categories of events, but represent types of events in each category.

Any changes to (a) and (b) above, will not result in a change to the contract completion date.

**Table B.1 – Changes Beyond Contractor Control**

DOE directed new work (within the general scope of the contract) or new regulatory requirements
DOE or regulator-initiated changes to an approved Record of Decision (ROD) resulting in a 20% or more increase to the contractor's original baseline estimate for the ROD's implementation.
Reduced funding by the Government below the levels identified in Section B.2
Contaminated soil requiring excavation exceeds 453,000 cubic yards (excluding WAG 7 retrievals)
Litigation costs in excess of \$5 Million per year for existing lawsuits and other litigation matters assigned to the contractor by DOE under Section H.11
DOE direction to treat SBW as HLW versus TRU

**Table B.2 – Changes for which the Contractor is Accountable**

ES&H Violations or accidents by the contractor or subcontractor, including work stoppage, consequential investigations and impacts
Fines and penalties imposed by DOE, or any other regulatory agency, if the behavior for which the contractor is being penalized occurred during the course of the contract, including ongoing harm resulting from the contractor's inaction regarding known pre-existing conditions identified according to DEAR 970.5231-4.
Changes in mandatory or Other Site Services costs renegotiated by the contractor
Increased cost and/or schedule for regulatory agency approved end states that differ from the contractor-proposed end states for high risk facilities disposition and for CERCLA remediations (without currently approved RODs)
Failure to eliminate, avoid, or mitigate risks as required in Section H.2 through use of cost or schedule contingency in its target cost. This includes inadequate or poorly developed basis of estimates for all work scope
All other pension and welfare benefits costs pertaining to incumbent (grandfathered) employees, non-incumbent employees (new hires after contract takeover) and retirees, including costs of the defined contribution (investment) plan, post-retirement medical benefits, and other pensions and benefits costs (including contractor administrative costs), <b>except for the actual costs of the current BBWI Defined Benefit Pension Plan for incumbent (grandfathered) employees and retirees</b>
Litigation arising during the contract term for matters within the contractor's control
Employee severance cost

**B.11 AMERICAN RECOVERY AND REINVESTMENT ACT (Recovery Act)**

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The contractor shall, in accordance with the terms of this contract, provide the personnel, materials, supplies, and services and do all things necessary for, or incident to, providing its best efforts to perform the Recovery Act work. This work is generally described as follows:

The Recovery Act work will enable current contract requirements to be met, accelerate existing EM out-year scope, complete deactivation and decommissioning (D&D) of

additional facilities, consolidate spent nuclear fuel (SNF), and accelerate the disposition of legacy materials.

This work is distinctly identifiable Recovery Act work and separate from the all other work descriptions with separate deliverables, schedules, performance reporting and incentives as applicable.

For the performance of Recovery Act work through September 30, 2011, the contractor is authorized to incur costs not to exceed the following:

116

\$102,750,000

PBS 13

\$92,250,000

PBS 30

\$155,906,250

PBS 40

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**\$350,906,250**

Refer to previous definitized Recovery Act modifications for the detailed description of the work.

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